



**26 September 2019**

**MR. WILLIAM D. DAR, Ph.D.**  
 Chairperson and DA Acting Secretary  
**MR. HERMENEGILDO R. SERAFICA**  
 Administrator  
**SUGAR REGULATORY ADMINISTRATION (SRA)**  
 Sugar Center Bldg., North Ave.,  
 Diliman, Quezon City



**RE : REVALIDATION OF THE 2018 PERFORMANCE RATING**

Dear Acting Sec. Dar and Admin. Serafica,

This refers to SRA's letter dated 09 August 2019,<sup>1</sup> requesting for reconsideration on the result of the Customer Satisfaction Survey (CSS) in its Validated 2019 Performance Scorecard.<sup>2</sup>

Upon review of the submissions of all GOCCs and considering the initial implementation of the Standard Methodology and Questionnaire, the Governance Commission has resolved to consider, for 2018, the CSS results of GOCCs that were not submitted within the required timeline, *provided*, the same complied with the prescribed standard methodology. It must be emphasized however, that the instant reconsideration shall apply only to the 2018 CSS. Subsequent conduct of CSS must strictly comply with the standard methodology and questionnaire.

Furthermore, the Governance Commission considered the following issues in SRA's CSS:

Issue	Findings
Sample Size	SRA did not include the individual farmers as one of its target respondents. The adjusted universe of SRA for the farmers is 88,748, bringing the SRA stakeholder universe to an adjusted figure of 89,238. As such, the actual sample size of n=312 did not meet the required sample size of n=500. Nonetheless, SRA is still compliant with the prescribed formula in the Standard Methodology and the margin of error (MOE) did not exceed the allowable MOE of +/- 5.6% at 95% confidence level.
Disproportionate Sampling	The sample distribution is disproportionate considering that majority of the SRA's actual respondents are from its regulated entities despite being less in number than the farmers. SRA is given consideration as each major customer type met the minimum sample size requirement. As such, the level of satisfaction is computed using simple average or was allotted equal weights

<sup>1</sup> Officially received by the Governance Commission on 30 August 2019

<sup>2</sup> Officially received by SRA on 01 August 2019.

We take this opportunity to convey that for the subsequent years, due to significant variance between the population sizes of SRA's major type of customers, namely Farmers and Regulated Entities, SRA shall be required to set their sample sizes at 500 and 100, respectively. Moreover, to ensure that all customers are well represented in the survey, the distribution of sample sizes within each major customer type should be proportionate to the population of each subtype. The percentage of satisfied customers for each major customer types shall then be averaged to compute for the overall percentage of satisfied customers.

After review and evaluation of SRA's submissions, the validated score for the Strategic Measure on customer satisfaction is reconsidered, thus:

No.	Measure	Weight	Rating System	Target	GCG Initial Validation		GCG Revalidation	
					Actual	Rating	Actual	Rating
SO 3 SM 5	Percentage of Satisfied Customers	10%	Actual over Target <i>If less than 80% = 0%</i>	90%	0.00%	0%	83.95%	9.33%

SRA is thus granted an additional rating of 9.33% weight on its total 2018 accomplishment.

Accordingly, we transmit herewith the SRA's revalidated 2018 Performance Scorecard, with an adjusted rating of **91.57% (Annex A)**. The same is to be posted in SRA's website, in accordance with Section 43 of GCG Memorandum Circular No. 2012-07.

In relation to the grant of 2018 PBB to eligible officers and employees, SRA can grant such incentive only upon receipt of an authorization letter from the Governance Commission. In this regard, the Board is reminded that any unilateral action to release the PBB before such authorization will be considered as a violation of the Board's fiduciary duty to protect the assets of the GOCC as provided under Section 19 of Republic Act No. 10149.<sup>3</sup>

**FOR YOUR INFORMATION AND GUIDANCE.**

Very truly yours,

**SAMUEL G. DAGPIN, JR.**  
*Chairman*

  
**MICHAEL P. CLORIBEL**  
*Commissioner*

  
**MARITES C. DORAL**  
*Commissioner*

<sup>3</sup> GOCC Governance Act of 2011.

**SUGAR REGULATORY ADMINISTRATION (SRA)  
Revalidated 2018 Performance Scorecard**

Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																					
Objective/Measure	Formula	Wt.	2018	Actual	Rating	Score	Rating																								
<b>SO 1</b>	<b>Empowered Industry Significantly Contributing to Food Security and Poverty Reduction</b>																														
SM 1	Productivity / Yield Per Hectare (TC/Ha – Crop Year Basis)	Yield (tons cane) per hectare	10%	70.00	57.05	8.15%	57.05	8.15%	<ul style="list-style-type: none"> <li>Summary on Final Sugar Production/ Productivity for Crop Year 2017-18</li> <li>Sugar Production Bulletin for Crop Year 2017-18</li> </ul>	The breakdown of yield per hectare for crop year 2017-2018 is provided below: <table border="1"> <thead> <tr> <th>Region</th> <th>Area Harvested</th> <th>Yield</th> </tr> </thead> <tbody> <tr> <td>Luzon</td> <td>58,783.87</td> <td>2,742,746</td> </tr> <tr> <td>Negros</td> <td>230,145.75</td> <td>14,790,550</td> </tr> <tr> <td>Panay</td> <td>32,122.70</td> <td>1,774,990</td> </tr> <tr> <td>E. Visayas</td> <td>13,300.00</td> <td>608,571</td> </tr> <tr> <td>Mindanao</td> <td>83,863.15</td> <td>3,944,067</td> </tr> <tr> <td><b>Total</b></td> <td><b>418,215.47</b></td> <td><b>23,860,924</b></td> </tr> </tbody> </table>	Region	Area Harvested	Yield	Luzon	58,783.87	2,742,746	Negros	230,145.75	14,790,550	Panay	32,122.70	1,774,990	E. Visayas	13,300.00	608,571	Mindanao	83,863.15	3,944,067	<b>Total</b>	<b>418,215.47</b>	<b>23,860,924</b>
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SM 2	Sugar Production – Crop Year Basis (In Million Metric Tons)	Absolute Number	6%	2.380	2.084	5.25%	2.084	5.25%	<ul style="list-style-type: none"> <li>Summary on Final Production of Raw Sugar for Crop Year 2017-18</li> <li>Summary on Raw Sugar Production, by Mill District Crop Year 2017-18</li> <li>Weekly Reports on Raw Sugar from Mill Districts</li> </ul>	Sugar production of each major region is as follows (in metric tons): <table border="1"> <thead> <tr> <th>Region</th> <th>Production</th> </tr> </thead> <tbody> <tr> <td>Luzon</td> <td>213,202</td> </tr> <tr> <td>Negros</td> <td>1,327,697</td> </tr> <tr> <td>Panay</td> <td>138,931</td> </tr> <tr> <td>E. Visayas</td> <td>47,183</td> </tr> <tr> <td>Mindanao</td> <td>356,628</td> </tr> <tr> <td><b>Total</b></td> <td><b>2,083,641</b></td> </tr> </tbody> </table>	Region	Production	Luzon	213,202	Negros	1,327,697	Panay	138,931	E. Visayas	47,183	Mindanao	356,628	<b>Total</b>	<b>2,083,641</b>							
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SM 3	Average Income per Hectare of Block Farmers	Total farmers' income over total area	11%	₱60,000	₱46,328.92	8.49%	₱58,983.58	10.81%	<ul style="list-style-type: none"> <li>Income schedule per block farm</li> <li>Cost of Production</li> <li>Consolidated schedule</li> </ul>	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Gross Income</td> <td>₱ 301,637,553</td> </tr> <tr> <td>Cost of Production</td> <td>135,016,547</td> </tr> <tr> <td>Net Income (NI)</td> <td>166,621,006</td> </tr> <tr> <td>Area (ha)</td> <td>2,824.871</td> </tr> <tr> <td><b>NI per ha</b></td> <td><b>58,983.58</b></td> </tr> </tbody> </table>	Particulars	Amount	Gross Income	₱ 301,637,553	Cost of Production	135,016,547	Net Income (NI)	166,621,006	Area (ha)	2,824.871	<b>NI per ha</b>	<b>58,983.58</b>									
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SOCIO-ECONOMIC IMPACT

	Component			Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																
	Objective/Measure	Formula	Wt.	2018	Actual	Rating	Score	Rating																		
<b>SOCIO-ECONOMIC IMPACT</b>	<b>SO 2</b>	<b>Maintained Balanced Sugar Supply and Demand Requirements</b>																								
	SM 4	Volume of Buffer Stock (MT)	Absolute Number	11%	200,000	299,610	11%	160,170	8.81%	<ul style="list-style-type: none"> <li>Summary on Raw Sugar Balance, by Mill District CY 2017-18</li> <li>Weekly Reports on Raw Sugar from Mill Districts</li> </ul> <table border="1"> <tr> <td colspan="2">Balances of SRA's buffer stock in metric tons (MT) for 2017-18 is as follows:</td> </tr> <tr> <th>Region</th> <th>Buffer Stock</th> </tr> <tr> <td>Luzon</td> <td>14,310</td> </tr> <tr> <td>Negros</td> <td>90,137</td> </tr> <tr> <td>Panay</td> <td>17,050</td> </tr> <tr> <td>E. Visayas</td> <td>8,079</td> </tr> <tr> <td>Mindanao</td> <td>30,594</td> </tr> <tr> <td><b>Total</b></td> <td><b>160,170</b></td> </tr> </table>	Balances of SRA's buffer stock in metric tons (MT) for 2017-18 is as follows:		Region	Buffer Stock	Luzon	14,310	Negros	90,137	Panay	17,050	E. Visayas	8,079	Mindanao	30,594	<b>Total</b>	<b>160,170</b>
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<i>Sub-total</i>			<i>38%</i>			<i>32.89%</i>		<i>33.02%</i>																		
<b>STAKEHOLDERS</b>	<b>SO 3</b>	<b>Improved Income, Profitability and Global Competitiveness of the Sugarcane Industry</b>																								
	SM 5	Percentage of Satisfied Customers	Number of respondents which gave at least a Satisfactory Rating / Total number of respondents	10%	90%	On-going Public Bidding for the procurement of services (3 <sup>rd</sup> party) for the conduct of SRA's client satisfaction survey for 2018	0%	83.95%	9.33%	<ul style="list-style-type: none"> <li>CSS Final Report by Kantar Philippines, Inc.</li> </ul> <table border="1"> <thead> <tr> <th>Customer Type</th> <th>% of Satisfied Customers</th> <th>Wt.</th> <th>Revised Rating</th> </tr> </thead> <tbody> <tr> <td>Farmers</td> <td>76.52%</td> <td>50%</td> <td>38.26%</td> </tr> <tr> <td>Regulated Entities</td> <td>91.37%</td> <td>50%</td> <td>45.69%</td> </tr> <tr> <td colspan="3"><b>Revised Rating</b></td> <td><b>83.95%</b></td> </tr> </tbody> </table> <p>The allocation of equal weights to major customer types is due to the disproportion in the sample distribution of survey respondents.</p>	Customer Type	% of Satisfied Customers	Wt.	Revised Rating	Farmers	76.52%	50%	38.26%	Regulated Entities	91.37%	50%	45.69%	<b>Revised Rating</b>			<b>83.95%</b>
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SM 6	Number of Sugarcane Block Farms Validated, Assisted and Trained	Actual Count	13%	48	69 accredited 72 validated	13%	55	13%	<ul style="list-style-type: none"> <li>List of Accredited Block Farms (with SRA intervention)</li> </ul> <table border="1"> <tr> <td colspan="2">The breakdown of block farms validated and assisted per area is as follows:</td> </tr> <tr> <th>SIDA GAA Year</th> <th># of block farms</th> </tr> <tr> <td>2016</td> <td>1</td> </tr> <tr> <td>2017</td> <td>8</td> </tr> <tr> <td>2018</td> <td>46</td> </tr> <tr> <td><b>Total</b></td> <td><b>55</b></td> </tr> </table>	The breakdown of block farms validated and assisted per area is as follows:		SIDA GAA Year	# of block farms	2016	1	2017	8	2018	46	<b>Total</b>	<b>55</b>					
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Objective/Measure	Formula	Wt.	2018	Actual	Rating	Score	Rating													
STAKEHOLDERS	SM 7	Number of Scholars Enrolled	Actual Count	4%	1,932	2,832	4%	4,562	4%	<ul style="list-style-type: none"> <li>Submission by the SRA Scholarship Committee</li> </ul> <table border="1"> <thead> <tr> <th>Scholarship</th> <th># of Scholars</th> </tr> </thead> <tbody> <tr> <td>CHED</td> <td>659</td> </tr> <tr> <td>SRA</td> <td>57</td> </tr> <tr> <td>TESDA</td> <td>3,846</td> </tr> <tr> <td><b>Total</b></td> <td><b>4,562</b></td> </tr> </tbody> </table>	Scholarship	# of Scholars	CHED	659	SRA	57	TESDA	3,846	<b>Total</b>	<b>4,562</b>
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Sub-Total			27%			17%		26.56%												
INTERNAL PROCESS	SO 4	Provide Responsive Technical Assistance and Extension Services to Sugarcane Industry Stakeholders																		
	SM 8	Number of Completed Research Projects:																		
		a. Stages of Research	Actual Count	2.5%	18	11	1.53%	19	2.5%	<ul style="list-style-type: none"> <li>Research Studies</li> <li>Abstracts</li> </ul> <p>For 2018, SRA completed 20 stages of research; 2 from LAREC and 18 from LGAREC. However, it was noted that the preliminary yield test for Phil 2013 Series was tested in both research centers, following a completely similar process. As such, it will be counted as one research stage. SRA therefore earn 19 research stages as accomplishment.</p>										
b. Certified for Dissemination by the Technical Research Council (PHILSURN, SRA, UPLB, PSMA, Academe)	Actual Count	2.5%	11	14	2.5%	12	2.5%	<ul style="list-style-type: none"> <li>Research Studies</li> <li>28<sup>th</sup> Regional Symposium on Research &amp; Development</li> <li>Abstracts</li> <li>Publications</li> </ul> <p>The total number of research projects approved for dissemination for 2018 is 12 comprised of five (5) from LAREC and seven (7) from LGAREC.</p>												

Component		Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																						
Objective/Measure	Formula	Wt.	2018	Actual	Rating	Score			Rating																					
INTERNAL PROCESS	<b>SO 5 Enforce and Implement Pro-Active and Effective Policies, Rules and Regulations</b>																													
	SM 9	Percentage of Compliance to SRA Policies, Rules and Regulations	100% minus (Total Actual Number of Cases or Violations over Total Number of Millers and Traders)	5%	97%	100%	5%	98.66%	5%	<ul style="list-style-type: none"> <li>Sugar, Molasses and Muscovado Activity Reports, CY 2017-2018</li> <li>List of Registered Sugar Millers, Traders and Refineries</li> </ul> <p>The breakdown of Sugar, Molasses and Muscovado Traders that were penalized in 2018 is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Traders</th> <th>Penalized</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sugar</td> <td>291</td> <td>3</td> <td>1.03</td> </tr> <tr> <td>Molasses</td> <td>132</td> <td>2</td> <td>1.52</td> </tr> <tr> <td>Muscovado</td> <td>25</td> <td>1</td> <td>4.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>448</b></td> <td><b>6</b></td> <td><b>1.34</b></td> </tr> </tbody> </table>		Traders	Penalized	%	Sugar	291	3	1.03	Molasses	132	2	1.52	Muscovado	25	1	4.00	<b>Total</b>	<b>448</b>	<b>6</b>	<b>1.34</b>
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<i>Sub-total</i>		10%			9.03%		10%																							
<b>SO 6 Sustain the Development of Expertise and Human Resources in the Field of Sugarcane Industry, Development and Related Areas</b>																														
LEARNING AND GROWTH	SM 10	Percentage of Personnel with Required Competencies Met	Number of incumbents meeting required competencies over Number filled plantilla	5%	Improvement by 25%	50% of personnel met required competency	5%	53.97%	5%	<ul style="list-style-type: none"> <li>SRA Competency Report</li> <li>SRA Competency Assessment Forms</li> </ul> <p>53.97% or 136 out of the 252 SRA personnel met all the required competencies, exceeding the annual target of 25% improvement from the 2017 baseline of 3.56% (28.56%).</p>																				
	SM 11	ISO 9001 Certification	Milestone	5%	ISO 9001:2015 Certification	ISO 9001:2015 Certified	5%	ISO 9001:2015 Certified	5%	<ul style="list-style-type: none"> <li>ISO Certificate from TUV Rheinland</li> </ul> <p>On 31 August 2018, TUV Rheinland issued the ISO 9001:2015 Certification to SRA for the following core processes: planning, policy formulation, regulatory services, research and development, and extension services. The certification is valid from the issuance date until 26 March 2019.</p>																				
	<i>Sub-total</i>		10%			10%		10%																						

## Revalidated Performance Scorecard 2018 (Annex A)

Component				Target	GOCC Submission		GCG Validation		Supporting Documents	Remarks																												
Objective/Measure	Formula	Wt.	2018	Actual	Rating	Score	Rating																															
<b>SO 7</b>	<b>Maintain Sound Financial Management</b>																																					
FINANCE	SM 12	EBITDA Margin	EBITDA / Total Revenues	10%	15%	61% as of November 2018	10%	50%	10%	<ul style="list-style-type: none"> <li>EBITDA schedule</li> <li>COA-audited 2018 Income Statement</li> </ul>	The breakdown of the comparative EBITDA for 2017 to 2018 is as follows: <table border="1"> <thead> <tr> <th>In thousand ₪</th> <th>2017 (Restated)</th> <th>2018 (Audited)</th> </tr> </thead> <tbody> <tr> <td>Net Income</td> <td>89,450,276</td> <td>297,182,516</td> </tr> <tr> <td>Interest</td> <td>323,556</td> <td>165,854</td> </tr> <tr> <td>Tax</td> <td>39,456,086</td> <td>136,303,428</td> </tr> <tr> <td>Depreciation</td> <td>22,311,903</td> <td>26,760,884</td> </tr> <tr> <td>Amortization</td> <td></td> <td>236,000</td> </tr> <tr> <td><b>EBITDA</b></td> <td>151,541,821</td> <td>460,648,682</td> </tr> <tr> <td>Revenue</td> <td>564,298,612</td> <td>920,035,382</td> </tr> <tr> <td><b>Margin</b></td> <td><b>27%</b></td> <td><b>50%</b></td> </tr> </tbody> </table>	In thousand ₪	2017 (Restated)	2018 (Audited)	Net Income	89,450,276	297,182,516	Interest	323,556	165,854	Tax	39,456,086	136,303,428	Depreciation	22,311,903	26,760,884	Amortization		236,000	<b>EBITDA</b>	151,541,821	460,648,682	Revenue	564,298,612	920,035,382	<b>Margin</b>	<b>27%</b>	<b>50%</b>
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	SM 13	Budget Utilization Rate	(Actual expenditure disbursed + savings) / (Actual corporate revenue + actual subsidy released)	5%	80% - current year 100% prior years	25% as of November 2018	-	60.20% - current year 13.46% prior years	2.22%	<ul style="list-style-type: none"> <li>Schedule of Expenses</li> <li>Statement of Comparison of Budget and Actual Amount</li> <li>SAOUB</li> <li>Justification for low utilization rate</li> </ul>	<table border="1"> <thead> <tr> <th>Source</th> <th>Budget</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>GAA 2017</td> <td>1,292,385,800</td> <td>8.51%</td> </tr> <tr> <td>Corporate (PY)</td> <td>514,233,200</td> <td>25.92%</td> </tr> <tr> <td><i>Utilization (PY)</i></td> <td><i>1,806,619,000</i></td> <td><i>13.46%</i></td> </tr> <tr> <td>GAA 2018</td> <td>112,500,000</td> <td>0%</td> </tr> <tr> <td>Corporate (Current)</td> <td>2,501,598,312</td> <td>62.91%</td> </tr> <tr> <td><i>Utilization (Current)</i></td> <td><i>2,614,098,312</i></td> <td><i>60.20%</i></td> </tr> </tbody> </table>	Source	Budget	Rate	GAA 2017	1,292,385,800	8.51%	Corporate (PY)	514,233,200	25.92%	<i>Utilization (PY)</i>	<i>1,806,619,000</i>	<i>13.46%</i>	GAA 2018	112,500,000	0%	Corporate (Current)	2,501,598,312	62.91%	<i>Utilization (Current)</i>	<i>2,614,098,312</i>	<i>60.20%</i>						
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